

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7147

BILL NUMBER: HB 1406

NOTE PREPARED: Jan 11, 2009

BILL AMENDED:

SUBJECT: Elimination of Townships Outside Marion County.

FIRST AUTHOR: Rep. Stevenson

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: Effective January 1, 2011, the bill makes the following changes in all counties except Marion County:

- (1) It abolishes township governmental functions.
- (2) It abolishes the office of township assessor, and transfers the duties and responsibilities of the township assessor to the county assessor.
- (3) It abolishes the offices of township trustee and township board (including duties and responsibilities related to township assistance, fire protection, cemetery maintenance, parks and recreation, and libraries), and transfers the duties and responsibilities of the township trustee and township board to the county.
- (4) It establishes a county firefighting fund.
- (5) It establishes a county cumulative building and equipment fund for firefighting.
- (6) It transfers township fund balances to the county and specifies the permitted use of the money.
- (7) It makes township indebtedness an obligation of the county, and requires the county to use money transferred from the township to pay the indebtedness.
- (8) It allows the county to levy property taxes to pay indebtedness not covered by money transferred from the township, and specifies the areas in which the taxes may be levied.

(9) It increases the county's maximum property tax levy based on the assumption of former township duties, and establishes a separate county maximum property tax levy for firefighting.

(10) It provides that the county assessor is a nonvoting member of the property tax assessment board of appeals.

Effective Date: July 1, 2009; January 1, 2011; July 1, 2011.

Explanation of State Expenditures: *State Agencies:* Legislative Services Agency will prepare legislation to organize and correct statutes affected by this act, if necessary. The Department of Local Government Finance (DLGF) oversees tax rates and levies by local units of government. Both of these functions are within the current scope of agency work.

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary -* The bill has indeterminate fiscal impact on counties without a consolidated city. The bill does not delete or diminish any responsibilities or administrative functions currently assigned in statute to township assessors or trustees, but rather transfers them to the county level of government. If the county can perform or contract for the performance of these duties more efficiently than the township governments, cost savings will result. Reducing the number of officials on boards or the number of officials requiring training may result in administrative cost savings. However, the cost savings will be minimal. The results will vary among the counties based on differences in population density, degree of urbanization, and personnel requirements, among other factors.

The bill would also have indeterminate fiscal impact for township schools that would have to reorganize or be reorganized by the State Board of Education.

Background Information and Additional Details-

Abolition of Townships: After December 31, 2011, in a county without a consolidated city, the offices of township assessor, township trustee, and township board member are abolished. All functions, duties, and responsibilities of the township trustee are transferred to the county, and those of the township assessor are transferred to the county assessor. On January 1, 2012, the assets of the township, including equipment, records, personnel, and contracts transfer to the county. Townships will not be able to enter into contracts that extend beyond December 31, 2010, unless the contract is approved by the fiscal body of the county.

Funds Transfers: The bill provides that township debt service funds are to transfer to the county to pay any indebtedness or lease rental obligation for which the fund was established. Any remaining balance in the fund transfers to the county general fund. Township cumulative building and equipment funds, general funds, and firefighting funds transfer to like-named county funds. Township assistance funds transfer to the county township assistance fund. Counties are to pay expenses for township cemeteries from the cemetery fund for townships. Statutes concerning the allocation of excess funds to rainy day accounts do not apply to transferred funds.

Official Actions and Pending Actions: Elimination of township government does not affect any assessment, assessment appeal, or other official action of a township assessor made prior to January 1, 2012. Also, the act does not affect pending actions or rights of parties with a legal claim against a township

assessor.

Township Assistance: A county administrator for township assistance will be appointed by the county executive with the approval of the county council, and each county will establish a county township assistance fund. The county administrator will establish the amount needed to meet the cost of township assistance in the county, and the county legislative body will adopt the county budget with a uniform tax rate throughout the county to meet the estimated costs. The county administrator for township assistance will have the same responsibilities and limited liability as the township administrator in a county with a consolidated city. The county administrator for township assistance also is to have all the rights, duties, and responsibilities as a township trustee for emergency medical services. Drugs and vaccines provided to indigents are to be paid through the county's township assistance fund. The county administrator will also propose uniform standards to provide township assistance throughout the county and for processing applications for township assistance. The standards will be adopted by the county legislative body and filed with the county commissioners.

Detrimental Plants; Parks and Recreation; and Library, Library District, or Library Services Contracts: Duties concerning detrimental plants are to be conferred and imposed on the county for property in the county. The county legislative body will act to borrow money to meet emergency needs. Any fines collected for a Class C infraction concerning detrimental plants are to be placed in the appropriate county fund. The weed control board will include the county official responsible for the destruction of detrimental plants rather than township trustees. Township powers and duties concerning parks and recreation are also to be transferred to the county. All township library, library district, or library service contracts are terminated on January 1, 2011, and the responsibilities and obligations are to be assumed by the county.

Firefighting: The county executive is to be responsible for providing fire protection in all unincorporated areas of the county. A county may hire its own firefighters, contract or cooperate with a municipal fire department, or contract with a volunteer fire department. Also, without contract, a county with its own fire department may provide fire protection, emergency services, or both within a municipality that does not have a full-time fire department if the legislative body of the municipality adopts an ordinance and the legislative body of the county adopts a resolution to provide services without contract. Fire protection districts and fire protection territories remain unchanged and counties may contract with these units for fire services.

The county executive is to specify which township firefighters and emergency service employees will become county firefighters, and the county may establish a merit system for the county's fire department. The county appointing authority is to be considered the safety board of the county. After December 31, 2010, the county fire chief will make determinations concerning public firework displays in unincorporated areas.

The county may levy a real and personal property tax for the county firefighting fund in the county that is outside of a municipality (if there is no agreement to provide services) and outside of any fire protection districts or territories. Costs attributable to providing fire protection or emergency services are to be paid from the county firefighting fund. The county legislative body may determine the amount of a fee for false alarms, and fees collected are to be placed in the county firefighting fund. The county executive, with the approval of the county legislative body, may purchase firefighting apparatus and equipment over a period not exceeding 6 years, or 15 years with state or federal funding.

Firefighter Pension: The local boards for the 1937 Firefighters' Pension Fund and the 1977 Police Officers' and Firefighters' Pension and Disability Fund are dissolved effective January 1, 2011. The powers

and duties of the boards are to be assumed by a county's local board for each fund. The county's legislative body may adjust the board membership to reflect the dissolution of the township boards. Active members of the 1937 Fund and the 1977 Fund continue to be members of their respective plans. Members of the 1977 Fund will receive credit for all years of service in a township fire department.

Boards and Commissions: The land valuation commission in counties that do not have a consolidated city will not include township assessors as currently configured in statute. Certain statutory appointments of township executives to the transportation and public works board will be eliminated after December 31, 2010. Township representation to the county drainage advisory committee will change from the township executive to a resident of each township appointed by the county executive. The flood control board membership will change from the executive of each member township to a person appointed by the county executive. The county legislative body will appoint members of the library board of a district located in one township. For an 1899 township library, the school township trustee is to be replaced by a member appointed by the school board of the school corporation serving the county.

County Assessor: Except in a county with a consolidated city, the county assessor will function as the township assessor and will assume responsibilities concerning listing personal and real property, examination of personal property, and all assigned assessing official duties. The county assessor may employ a professional appraiser to act as a technical advisor during the general reassessment period, and the county assessor will serve as a nonvoting member of the property tax assessment board of appeals. Annual meetings called by the county assessor for all township assessors in the county will be limited to counties with a consolidated city.

Under current law, DLGF adopts rules for examination and certification of assessor/appraisers. However, these requirements do not apply to elected assessing officials. The DLGF also may require assessing officials to attend instructional programs.

[There are currently 13 township assessors in Indiana in townships with more than 15,000 parcels and where voters agreed to retain the position.]

Township Schools: The bill would require a township school to reorganize under IC 20-23 for implementation by July 1, 2013. It allows the township school to hold public hearings to discuss the method of reorganization. If the governing body does not develop a reorganization plan, the State Board of Education is directed to develop the reorganization plan after June 30, 2011. Three township schools (Cass Township Schools, Dewey Township School, and Prairie Township Schools) will be affected by this requirement.

Explanation of Local Revenues: *Maximum Property Tax Levies and Other Tax Distributions:* The maximum general levy for ad valorem property taxes first due and payable in 2011 is the sum of the maximum general levy of the county and the combined maximum general levies of all the townships. Distributive shares of taxes other than property taxes, such as local option income tax, financial institutions tax, and motor vehicle excise tax, will transfer to the county. The county is to levy a cemetery tax to fund maintenance of cemeteries.

The county is to levy ad valorem property tax to pay for pension benefits for members of the 1937 Firefighters' Pension Fund within the county's maximum permissible levy limit.

The county is to assume township indebtedness or lease rental obligations for fire services and may levy property taxes in any area of the county where the county provides firefighting and emergency services. The

county may not assume indebtedness that will exceed the limitations on the amount of indebtedness the county may incur.

For ad valorem property taxes first due and payable in 2011, the maximum firefighting levy is the combined levies for all of the townships, but not areas that are part of a fire protection district or territory. The county executive may adopt an ordinance to impose fees for ambulance services provided by a county fire department.

State Agencies Affected: DLGF.

Local Agencies Affected: Townships and counties without a consolidated city; Cass Township Schools, Dewey Township School, and Prairie Township Schools.

Information Sources: International Association of Assessing Officials; National Conference of State Legislatures.

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